

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of	)	
	)	
Amendment of the Commission's	)	CC Docket No. 95-115
Rules and Policies to Increase	)	
Subscribership and Usage of the	)	
Public Switched Network	)	DOCKET FILE COPY ORIGINAL

**COMMENTS OF MFS COMMUNICATIONS COMPANY, INC.**

MFS Communications Company, Inc. ("MFS"), by its undersigned counsel, hereby submits its comments in response to the Commission's Notice in the above-captioned docket concerning proposed initiatives to increase telephone subscribership. MFS applauds the Commission's continuing efforts to ensure universal service and to develop targeted solutions to meet the needs of non-subscribers. As MFS discusses below, MFS believes that the key to increased telephone subscribership is the prompt introduction of increased competition by non-traditional telephone service providers in the marketplace. Vigorous competition among telecommunications service providers spurs the development of innovative approaches to reach non-subscribers, such as MFS's free voice mail program for the homeless in New York. To the extent that the Commission aggressively enforces its existing rules and policies promoting competition, and adopts new procompetitive policies as necessary, it will foster increased telephone usage and subscribership levels.

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## **I. INTRODUCTION**

MFS is a leading provider of competitive local telecommunications services to business and government customers, with fiber networks currently operating in metropolitan areas across the country. As such, MFS attempts to compete directly with local exchange carriers ("LECs") in the provision of a wide range of local, intraLATA, and interLATA services. MFS supports the Commission's efforts to promote its universal service policies and believes that the entry into the marketplace of competitors such as MFS provides a vital link in the process of realizing the Commission's increased subscribership goals.

## **II. INCREASED COMPETITION IS THE KEY TO INCREASED TELEPHONE SUBSCRIBERSHIP**

In the decade following the divestiture of AT&T, competition in the provision of telecommunications services has occupied center stage in the Commission's ongoing efforts to define and regulate the rapidly-changing telecommunications landscape. Debate over the nature and scope of the regulation of competition continues to dominate the Commission's proceedings and the Commission continues to weigh the dominant carriers' arguments, suppositions, theories and hyperbole aimed at denying competition in the marketplace.

Despite such opposition, however, competition has begun to deliver on its promise, helping to transform "plain old telephone service" into a dynamic medium that serves as an essential conduit for the transactions of daily life. Competition in the marketplace has made it possible for consumers to choose from a wider array of telecommunications products and services than ever

before available, to enjoy competitive local and long distance rates, and to benefit from innovation in the delivery of such services.

While existing subscribers are the direct beneficiaries of competition in the marketplace, MFS believes that *non-subscribers* are similarly positioned to reap the benefits of increased competition. Whether non-subscribers will, in fact, enjoy these benefits, however, will largely depend on the existence of competition in a given market. In a marketplace lacking effective competition, the dominant service provider can choose to disregard the special needs of non-subscribers, without suffering significant negative consequences. Being the "only game in town," the local exchange provider is rarely challenged to excel in its provision of telecommunications services.

In contrast, in a competitive environment, telecommunications providers operate under the pressure inherent in the other's market presence to approach the marketplace with a different perspective: *consumers can choose* who will provide their telecommunications service. The presence of competition is a vital stimulus to improved quality and increased variety in service offerings. Beyond the market of existing subscribers, however, there remains the untapped potential of non-subscribers. In a competitive market, a telecommunications provider that makes no attempt to reach these non-subscribers may soon see these telephone users responding to innovative programs designed by its competitor. Debit cards, voice mailboxes, and high-volume, low-cost central calling facilities are examples of creative solutions designed to meet the needs of non-subscribers.

More importantly, however, a telecommunication provider that fails to pursue these innovative service alternatives runs the risk that, when these non-subscribers are ready to become

full-time subscribers, they will choose the company that enabled them to enjoy telephone services in the first place -- the competitor that addressed their special needs through targeted products and services. MFS firmly believes that the presence of competition injects new life into the marketplace and is the key to furthering the Commission's goal of increased telephone subscribership.

### **III. VOICE MAILBOX SERVICES PROVIDE A TRANSITIONAL MECHANISM TO FULL TELEPHONE SUBSCRIBERSHIP**

MFS's *Opportunity Calling* voice mailbox program is one example of an innovative approach to a problem suffered by many homeless individuals: without a telephone number, the homeless have difficulty finding a job, housing, and medical care. In order to address this problem, MFS donated a phone message system to the clients of a nonprofit advocacy group for homeless New Yorkers, allowing the participants to retrieve their messages. MFS provides the voice mail service on an 800-number, so that program participants need not pay for the call.

The results of the first 50 clients assigned voice mailboxes through MFS's *Opportunity Calling* program are impressive: 14 found full-time jobs, another five found temporary work, and nine others found housing. The homeless advocacy group that administered the program for MFS reports that successful voice mail clients are finding jobs or housing in about three months, which is about one-third of the time required by those lacking a voice mailbox number. The group also states that the time saved can translate into meaningful savings in money spent supporting the homeless -- case managers can reach clients more speedily and regularly.

Thus, the individual and social benefits of MFS's *Opportunity Calling* program are apparent. The voice mailbox service serves as a transitional mechanism, assisting the homeless by giving them the telecommunications lifeline they need to get back on their feet again -- and ultimately, to become a full-time telephone subscriber. By enabling others to reach them -- despite their low-income and/or homeless status, the voice mailbox program is an effective use of technology targeted to the special needs of these non-subscribers.

A voice mailbox program, like MFS's *Opportunity Calling* program, moreover, provides an impetus to other telecommunications providers in the community to offer comparable services or to develop other innovative means of reaching non-subscribers. Without this competitive stimulus, however, a monopoly telecommunications provider is free from any pressure to seek solutions to help non-subscribers become full-time subscribers. MFS believes that a voice mailbox program similar to the *Opportunity Calling* program is a valuable transition mechanism that allows homeless non-subscribers to receive inbound telephone service, thereby assisting them to become full-time subscribers in the future.

The Commission already has established dramatic regulatory initiatives to promote competition for local services, the most dramatic being the mandatory expanded interconnection rules adopted in CC Docket No. 91-141 and related proceedings. Similarly, the Commission's orders and policies prohibiting unreasonable LEC pricing practices -- such as the prohibition of widespread individual case basis pricing for DS3 and equivalent services -- have been remarkably effective in permitting new competitive entrants to begin to compete. In addition, the adoption by the Commission of additional pro-competition initiatives -- such as that recently proposed by MFS to the Commission to require the unbundling of LEC local loop functions in order to

promote resale -- will increase the likelihood that competitive entrants will enter all markets, not just those currently served by growing, but still relatively small competitors. The continued enforcement of existing procompetitive rules and policies, and the adoption of new initiatives to further open local markets to competition, will effectively use market forces to continue to increase levels of telephone usage and subscribership.

#### **IV. TELEPHONE SUBSCRIBERSHIP MAY ALSO BE INCREASED THROUGH THE USE OF INNOVATIVE APPLICATIONS OF COMPETITIVE SERVICES**

Another innovative application of competitive services that will increase telephone subscribership is illustrated in the services provided by an Atlanta-based company called CellThrift. CellThrift has recently contracted to resell MFS transmission services in conjunction with its own switch-based offerings to provide local, long distance and international calling services, primarily to minority populations that are underserved by traditional telephone service providers.

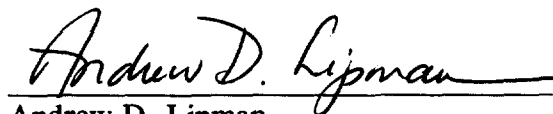
CellThrift focuses on users that cannot subscribe to traditional telephone service because they may not have a regular, fixed address or a credit history. Where authorized, CellThrift provides a debit-type service using mobile phone technology to this user segment in the following way: CellThrift provides mobile phones to its customers for a fully refundable deposit. It then assigns a phone number to the customer and establishes a debit account in \$50.00 increments. CellThrift then provides local, long distance and international calling services to its customers. When the customer's account is depleted, the customer may replenish the account by check, cash, credit card or debit card.

CellThrift has recently contracted with MFS to resell MFS' transmission facilities for connection to cellular carriers, IXCs, and in some cases, end users. MFS is proud to be involved in this innovative application, which expressly targets underserved segments of the population.

## V. CONCLUSION

MFS believes that the key to increased telephone subscribership is increased competition by non-traditional telephone service providers in the marketplace. MFS urges the Commission to adopt new initiatives -- such as the unbundling of LEC local loop functions recently proposed by MFS -- and to step up the aggressive enforcement of its existing procompetitive rules and policies in order to increase levels of telephone usage and subscribership.

Respectfully submitted,



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September 27, 1995

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 27th day of September 1995,  
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